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**MEMORANDUM
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TO: Docket Control 2007 NOV -6 A 9:59 J
FROM: Ernest G. Johnson 6A for 8:15
Director AZ CORP COMMISSION
Utilities Division DOCKET CONTROL

Arizona Corporation Commission
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DATE: November 5, 2007

RE: **UPDATE - IN THE MATTER OF THE APPLICATION OF GILA LOCAL EXCHANGE CARRIER FOR APPROVAL FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATION SERVICES**
(DOCKET NO. T-20515A-07-0133)

On October 26, 2007, the Hearing Division held a hearing concerning the Application of Gila Local Exchange Carrier ("GLEC") to provide facilities-based and resold local exchange and interexchange, and private line telecommunications services in Arizona. During the hearing, the ALJ stated that a Memorandum dated February 11, 2002 showed the amended policy regarding the determination of the performance bonding requirements for telecommunications providers. The amended policy stated that the Applicant must file proof of the performance bond within 365 days of the effective date of the Order or 30 days prior to the provision of service, whichever comes first. Since Staff recommend that GLEC procure a performance bond or sight draft Letter of Credit within 30 days of the effective date of a decision in this matter, the ALJ requested that Staff provide updated information on the change of the bonding policy.

On November 17, 2006, Chairman Gleason prepared an amendment to the Open Meeting of November 21 and 22, 2006, for Agenda Item U-20. The Agenda Item U-20, which was captured under Docket No. T-04229A-03-0915, dealt with granting a CC&N to Lightyear Networks Solutions, LLC to provide telecommunication services in Arizona. The amendment allowed "...Lightyear to exercise discretion in procuring either a performance or an irrevocable sight draft Letter of Credit..." The amendment was accepted and incorporated in Decision No. 69171. Prior to Decision No. 69171, the Applicant was required to procure a performance bond and an irrevocable sight draft Letter of Credit was not an option offered by the Commission.

On January 12, 2007, Chairman Gleason prepared an amendment to the Open Meeting of January 16 and 17, 2007, for Agenda Item U-4. The Agenda Item U-4, which was captured under Docket No. T-03777A-05-0544, dealt with granting a CC&N to 360Networks (USA), Inc. to provide telecommunication services in Arizona. The amendment required 360Networks (USA), Inc. to file the original performance bond or an irrevocable, sight draft Letter of Credit "... with the Commission's Business Office and

copies of the bond or letter with Docket Control, as a compliance item in this docket, within 30 days of the effective date of this Decision.” The amendment was accepted and incorporated in Decision No. 69240. Prior to Decision No. 69240, the Applicant was required to procure and docket proof of either a performance bond or an irrevocable sight draft Letter of Credit, “... the earlier of 365 days from the effective of this Decision or 30 days before starting service.”

In its Staff Report filed August 29, 2007, Staff recommends that GLEC file the original performance bond or irrevocable sight draft Letter of Credit with the Commission’s Business Office and copies of the performance bond or irrevocable sight draft Letter of Credit with Docket Control, as a compliance item in this docket, within 30 days of the effective date of a decision in this matter. This recommendation reflects past decisions that were approved by the Commissioners.

EGJ:JFB:red

Originator: John F. Bostwick

Attachment: Original and Thirteen Copies

SERVICE LIST FOR: GILA LOCAL EXCHANGE CARRIER
DOCKET NO. T-20515A-07-0133

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